Northern Pipeline Agency

2017–18

Departmental Plan

The Honourable Jim Carr, P.C., M.P.
Minister of Natural Resources

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Commissioner's message

It is my pleasure to present the *2017-18 Departmental Plan* for the Northern Pipeline Agency (the Agency).

The Agency was established by the Northern Pipeline Act (Act) in 1978 to facilitate the planning and construction by Foothills Pipe Lines Ltd. (Foothills) of the Canadian portion of the Alaska Highway Gas Pipeline (AHGP) project and to maximize social and economic benefits from its construction and operation while minimizing any adverse effects. The pipeline was certificated in 1978 under the Act to transport Alaskan and possibly northern Canadian natural gas to southern markets in Canada and the United States as provided for by the *Canada-U.S. Agreement on Principles Applicable to a Northern Natural Gas Pipeline*.

The southern portion of the pipeline was constructed in the early 1980s and presently transports Canadian gas to commercial markets. Unfavourable economic conditions have led to several delays in the completion of the northern portion of the pipeline.

In 2008, TransCanada PipeLines Limited (TransCanada), which now owns Foothills, was selected by the State of Alaska to pursue a large-scale pipeline project that would transport natural gas in a large diameter buried pipeline from Prudhoe Bay, Alaska to Boundary Lake, Alberta using the northern portion of the AHGP project. However, TransCanada notified the Agency in February 2013 that no further work is planned on the AHGP for now and will await further commercial interest before recommencing its efforts.

To align with the reduction in the AHGP project activities for the foreseeable future, the Agency has scaled down its operations to a minimal level while continuing to fulfill Canada's ongoing obligations as set out in the Act. During this time, the Agency will also respond to any incoming inquiries from other government agencies, Indigenous groups and the public.

Christyne Tremblay
Commissioner

Plans at a glance

What funds are being requested? $494,830

Who is involved? 4 FTE

What results are planned? The Agency will maintain the appropriate minimum level of preparation activities for a regulatory framework, so as to remain prepared to ramp up quickly to effectively regulate and facilitate the planning and construction of the pipeline should the project proceed.

For more information on the Northern Pipeline Agency's plans, priorities and planned results, see the "Planned results" section of this report.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

The Northern Pipeline Agency (Agency) was established by the Northern Pipeline Act in 1978 and, in the context of the 1977 Agreement between Canada and the United States of America on Principles Applicable to a Northern Natural Gas Pipeline. The Agency has a mandate to carry out federal responsibilities in respect of the planning and construction of the Canadian portion of the Alaska Natural Gas Pipeline. The Agency plays a key role in supporting efficient and expeditious regulatory approval while ensuring environmental protection and social and economic benefits for Canada.

Mandate and role

The Agency was created under the Act in 1978 to:

- facilitate the efficient and expeditious planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline (AHGP) project, taking into account local and regional interests, the interests of the residents, particularly of Indigenous Peoples, and recognizing the responsibilities of the Government of Canada and other governments, as appropriate;
- facilitate, in relation to the pipeline, consultation and coordination with the governments of the provinces, the Yukon Territory, and the Northwest Territories;
- maximize the social and economic benefits from the construction and operation of the pipeline while at the same time minimizing any adverse effect on the social and environmental conditions of the areas most directly affected by the pipeline; and
- advance national economic and energy interests and maximize related industrial benefits.

For more general information about the Agency, see the "Supplementary information" section of this report. For more information on the Minister of Natural Resources mandate letter, including commitments for the Agency, see the Minister's mandate letter on the Prime Minister of Canada's website.[i]

Operating context: conditions affecting our work

The Agency was responsible for the regulatory oversight of the construction of Phase I (the southern portion) of the AHGP (also known as the Prebuild) in 1981-82 for the initial purpose of transporting gas sourced from Western Canada to the United States (U.S.). These facilities, located in southern British Columbia, Alberta and Saskatchewan, were expanded five times between 1985 and 1998 under the authority of the Act. The current flow capacity of the Prebuild is approximately 94.5 million cubic metres per day (3.3 billion cubic feet per day).

Phase II (the northern portion) of the AHGP would link the Prebuild with U.S. natural gas reserves at Prudhoe Bay in Alaska. Economic conditions since 1982 have led to several delays in the completion of the AHGP and fluctuating activity levels for the Agency. Prior to commencing construction of this section of the pipeline, Foothills/TransCanada is required to obtain a comprehensive series of specific approvals from the Agency as set out under the Act. These approvals relate to socio-economic and environmental requirements, routing, technical and engineering design and other matters, such as the demonstration of project financing.

The Agency is also responsible for the administration of the Canada - Foothills easement agreement which was entered into on November 24, 1983. Pursuant to the decision under the Act, a grant of easement was issued by Order in Council on November 28, 1983. The easement follows the Alaska Highway from the Yukon-Alaska border near Beaver Creek, Yukon, to the Yukon-British Columbia border near Watson Lake, Yukon. The easement agreement allows Foothills/TransCanada to conduct investigative work on easement lands; however, the company requires the approval of the minister responsible for the Agency before it can begin pipeline construction. Unless the term is once again amended, the agreement will expire on September 20, 2022. In addition to the easement, the Agency holds approximately 220 reserves of land along the pipeline route that could be used to support the construction and operation of the pipeline system.

To align with the reduction in the AHGP project activities for the foreseeable future, the Agency has scaled down its operations to a minimal level to fulfill Canada's ongoing obligations as set out in the Act. During this time of reduced activities, the Agency will also respond to any incoming inquiries from other government agencies, Indigenous groups and the public. The future of the northern portion of the AHGP continues to rest with its proponents and the commercial marketplace.

Key risks: things that could affect our ability to achieve our plans and results

In May 2012, Foothills/TransCanada notified the Agency that no regulatory filings were planned on the AHGP for now and of their intentions to maintain the AHGP project assets in Canada. Foothills/TransCanada updated the Agency in February 2013 that no further work is planned on the AHGP and will await further commercial interest before recommencing its efforts.

The challenge before the Agency is to preserve the progress and outcomes achieved in recent years to deliver an efficient and effective regulatory review framework of updated environmental, socio-economic and technical information which takes into account changes since the Act came into force and the pipeline was certificated in the late 1970s. Failure to be positioned for timely preparations, should the project be resumed, could jeopardize the Government of Canada's performance of its responsibilities under the Act.

Key risks

Risks	Risk response strategy	Link to the department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
The Agency needs to be able to manage its ongoing core responsibilities and be in a position to adjust quickly should the proponent receive a clear positive response from the marketplace, and Phase II work is resumed.	The Agency will continue to maintain a minimum level of resources to fulfil ongoing responsibilities until such time as Foothills/TransCanada resumes the project, or that Agency actions or federal decisions are needed.	Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline Project.	Not applicable (N/A)

Planned results: what we want to achieve this year and beyond

Program: Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Natural Gas Pipeline Project.

Description: Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Natural Gas Pipeline Project.

Planning highlights

To align with the reduction in the AHGP project activities for the foreseeable future, the Agency has scaled down its operations to a minimal level to fulfill Canada's ongoing obligations as set out in the Act. During this time of reduced activities, the Agency will also respond to any incoming inquiries from other government agencies, Indigenous groups and the public.

Planned results

Expected results	Performance indicators	Target	Date to achieve target	2013–14 Actual results	2014–15 Actual results	2015–16 Actual results
The Agency will maintain the appropriate minimum level of preparation activities for a regulatory framework, so as to remain prepared to ramp up quickly to effectively regulate and facilitate the planning and construction of the pipeline should the project proceed.	The Agency will respond to company and public correspondence within 15 business days of receipt.	80 %	Annual	N/A*	N/A*	100 %

*The Performance indicator came into effect in 2015-16 and so no results are available for previous years.

In 2015-16 the Agency received only one request from the public.

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending
494,830	494,830	1,911,885	1,911,885

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents
4	4	4

The Agency does not have any lower-level programs.

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Planning highlights

The Agency has a single strategic outcome and a single program. As a small and separate federal entity, the Agency has service agreements with Natural Resources Canada and Shared Services Canada, and expenditures for internal services through this agreement are recorded as program spending.

Budgetary financial resources (dollars)

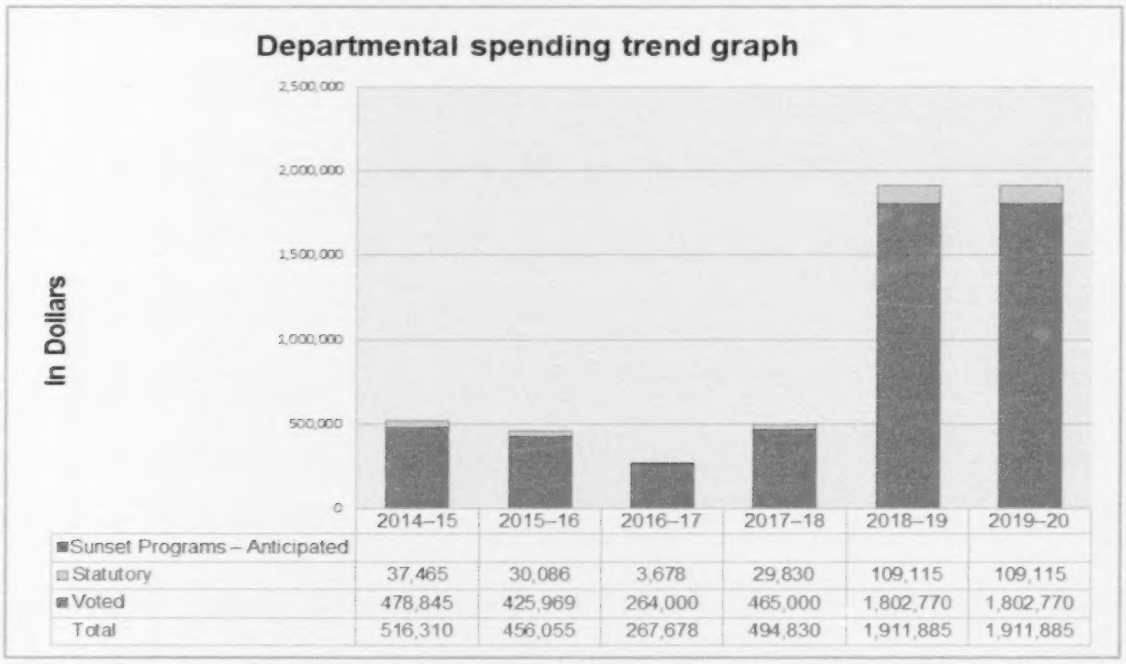
2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending
0	0	0	0

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents
0	0	0

Spending and human resources

Planned spending



	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Sunset Programs – Anticipated						
Statutory	37,465	30,086	3,678	29,830	109,115	109,115
Voted	478,845	425,969	264,000	465,000	1,802,770	1,802,770
Total	516,310	456,055	267,678	494,830	1,911,885	1,911,885

The Agency's spending trend graph is a reflection of the Agency's past and forecasted operational requirements. In the 2011 Budget, the Agency received new funding to support the development of the Alaska Highway Gas Pipeline given TransCanada's decision at that time to pursue the Northern portion of the project. The Agency's operating costs were increased to respond to the company's expectations for regulatory services (including a forecasted requirement of four FTEs). In 2012-13 TransCanada informed the Agency that it would not be proceeding with the project until further notice. Consequently, the Agency's operational requirements have been adjusted from the initial forecast on a year-by-year basis (as reflected in the graph above for 2014-15 to 2016-17). For 2017-18, the Agency's planned spending in the amount of $494,803 is consistent with the downward adjustment reflecting a minimal level of activity sufficient to enable the Agency to fulfill Canada's obligations under the Act (adjustment to approximately one FTE and operational costs). While forecasts for 2018-19 and subsequent years continue to reflect the level of funding provided previously, these forecasts will be adjusted as necessary to reflect a funding level commensurate with the Agency's anticipated operational requirements.

Budgetary planning summary for Programs and Internal Services (dollars)

Programs and Internal Services	2014–15 Expenditures	2015–16 Expenditures	2016–17 Forecast spending	2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending
Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Natural Gas Pipeline Project.	516,310	456,055	267,678	494,830	494,830	1,911,885	1,911,885
Subtotal	516,310	456,055	267,678	494,830	494,830	1,911,885	1,911,885
Internal Services	0	0	0	0	0	0	0
Total	516,310	456,055	267,678	494,830	494,830	1,911,885	1,911,885

Planned human resources

Human resources planning summary for Programs and Internal Services (full-time equivalents)

Programs and Internal Services	2014–15 Full-time equivalents	2015–16 Full-time equivalents	2016–17 Forecast full-time equivalents	2017–18 Planned full-time equivalents	2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents
Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Natural Gas Pipeline Project.	3	2	0.5	4	4	4
Subtotal	3	2	0.5	4	4	4
Internal Services	0	0	0	0	0	0
Total	3	2	0.5	4	4	4

Estimates by vote

For information on the Agency's organizational appropriations, consult the 2017–18 Main Estimates.[ii]

Future-Oriented Condensed Statement of Operations

The Future-Oriented Condensed Statement of Operations provides a general overview of the Agency's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the Future-Oriented Condensed Statement of Operations is prepared on an accrual accounting basis, and the forecast and planned spending amounts presented in other sections of the Departmental Plan are prepared on an expenditure basis, amounts may differ.

A more detailed Future-Oriented Statement of Operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, are available on the Agency's website.

Future-Oriented Condensed Statement of Operations for the year ended March 31 (dollars)

Financial information	2016–17 Forecast results	2017–18 Planned results	Difference
Total expenses	272,514	499,693	227,179
Total net revenues	0	0	0
Net cost of operations before government funding and transfers	272,514	499,693	227,179

To align with the reduction in the AHGP project activities for the foreseeable future, the Agency has scaled down its operations while continuing to fulfill Canada's ongoing obligations as set out in the Act. During this time of reduced activities, the Agency will also respond to any incoming inquiries from other government agencies, Indigenous groups and the public.

Supplementary information

Corporate information

Organizational profile

Appropriate minister: The Honourable Jim Carr, P.C., M.P.

Institutional head: Christyne Tremblay

Ministerial portfolio: Natural Resources Canada

Enabling instrument(s): *Northern Pipeline Act*[iii] (the Act)

Year of incorporation / commencement: 1978

Other: The operating costs of the Agency to carry out federal responsibilities for the planning and construction of the AHGP project are fully recovered from the project proponent, Foothills, which is now fully owned by TransCanada.

Reporting framework

The Agency's Strategic Outcome[s] and Program Alignment Architecture (PAA) of record for 2017–18 are shown below:

1. Strategic Outcome: The planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline Project is efficient and expeditious while ensuring environmental protection and social and economic benefits for Canadians.

> **1.1 Program:** Oversee and regulate the planning and construction of the Canadian portion of the Alaska Highway Natural Gas Pipeline Project.

Internal Services

Supporting information on lower-level programs

The Agency has no lower level programs.

Supplementary information tables

The following supplementary information table is available on the Agency's website.[iv]

- Disclosure of transfer payment programs under $5 million

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures each year in the Report on Federal Tax Expenditures.[v] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information

The Agency has been designated as a department for the purposes of the Financial Administration Act. The Agency currently reports to Parliament through the Minister of Natural Resources Canada, who is responsible for the management and direction of the Agency. The Agency has one senior officer, a Commissioner appointed by the Governor in Council. The Commissioner is currently the Deputy Minister of Natural Resources Canada. The Agency's organizational structure is defined by the Act.

The Agency's contact information is as follows:

Mailing address:
470-588 Booth Street
Ottawa, ON K1A 0Y7

Phone: (613) 995-1150

Email: info@npa-apn.gc.ca

Appendix A: Definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

A Departmental Result represents the change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2017–18 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government's agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada's Strength; and Security and Opportunity.

horizontal initiatives (initiative horizontale)

A horizontal initiative is one in which two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (e.g. by Cabinet, a central agency, etc.) as a horizontal initiative for managing and reporting purposes.

Management, Resources and Results Structure (Structure de la gestion, des ressources et des résultats)

A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

Performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

Performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plans (plan)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

Priorities (priorité)

Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (programme)

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

results (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

i. **The Minister's mandate letter**, http://pm.gc.ca/eng/minister-natural-resources-mandate-letter
ii. **2017–18 Main Estimates**, http://www.tbs-sct.gc.ca/hgw-cgf/finances/pgs-pdg/gepme-pdgbpd/index-eng.asp
iii. **Northern Pipeline Act**, http://laws-lois.justice.gc.ca/eng/acts/N-26/index.html
iv. **Northern Pipeline Agency Supplemental Information**, http://npa.gc.ca/publications/341
v. **Report on Federal Tax Expenditures**, http://www.fin.gc.ca/purl/taxexp-eng.asp